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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/626,987

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EXAMINER

STERRETT, JONATHAN G

ART UNIT

PAPER NUMBER

3623

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12/12/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/626,987

Applicant(s)

TAYLOR, STEPHEN W.

Examiner

Jonathan G. Sterrett

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 25 July 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

1. Currently **Claims 1-23** are pending.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. **Claim 1-23** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Under the statutory requirement of 35 U.S.C. § 101, a claimed invention must produce a useful, concrete, and tangible result. For a claim to be useful, it must yield a result that is specific, substantial, and credible (MPEP § 2107). A concrete result is one that is substantially repeatable, i.e., it produces substantially the same result over and over again (*In re Swartz*, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000)). In order to be tangible, a claimed invention must set forth a practical application that generates a real-world result, i.e., the claim must be more than a mere abstraction (*Benson*, 409 U.S. at 71-72, 175 USPQ at 676-77). Additionally, a claim may not preempt abstract ideas, laws of nature or natural phenomena nor may a claim preempt every "substantial practical application" of an abstract idea, law of nature or natural phenomena because it would in practical effect be a patent on the judicial exceptions themselves (*Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972)). (Please refer to the "Interim Guidelines for Examination of Patent Applications for Patent Subject Matter

Eligibility” for further explanation of the statutory requirement of 35 U.S.C. § 101.)

Regarding independent **Claim 1**, the claim cites steps for organizing and evaluating the strategic level operations of a business. The claim provides for a tangible result and a result that has utility, however the steps do not provide for a concrete result.

The claims cite identifying business pitfalls indicative of a company's founding technology and then quantifying those pitfalls using “equations of state”. These equations are detailed in the specification beginning on page 18. At least three of the variables for the “equations of state” given in the example would require estimations that would vary based on the person providing the estimate. These variables are impacts on marketing projections, vendor pricing and manufacturing inventory. While subsequent pages in the specification (pages 19 – 21) detail how these equations can be manipulated to, for example, determine that the impact on RMA's includes design considerations, the inclusion of variables to quantify the relationship between departments (see page 20 top paragraph) would be dependent on the person analyzing the interaction between these groups and not based on the disclosed method itself.

Thus, one individual using the claimed invention could realize a substantially different outcome than another individual, even assuming that they were both applying “equations of state” for the same process. Because the claims may be used as such to provide different outcomes, the invention as claimed does not provide for a result that is

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substantially repeatable, and therefore does not provide a **concrete** result.

Because **Claim 1** does not provide for a concrete result, this claim is rejected under 35 USC 101. **Claims 2-23** depend on **Claim 1**, they are also not statutory under 35 USC 101 at least for the reasons given above.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. **Claims 1-23** are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

Regarding **Claim 1**, the claim cites organizing and evaluating the strategic level operations of a company. This claim cites using "equations of state" to quantify pitfalls of a company's founding technology. However, the disclosure in the specification does not adequately address how one of ordinary skill in the art would apply "equations of state" to quantify the pitfalls facing a company based on the effects of a founding technology. Given the nature of the invention, i.e. dealing with strategic issues facing a company, the disclosure is not adequate to provide one of ordinary skill in the art so that

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they could quantify by how much a founding technology would impact a company's "pitfalls".

The development of strategy is known in the art to be abstract in nature because it deals with the intangibles of competition, relationships with vendors and customers and how a company will survive. The examiner contrasts the level of disclosure in the specification in the instant application with the specific tools and approaches laid out in the Donath reference below. For example, Donath provides an "equation of state" on page 43 bottom. This equation would be easily applied by one of ordinary skill in the art because it specifies exactly what variables are needed, i.e. EV is NPV, Pts is probability of technical success and R&D is costs remaining in project. Not only are the variables explicitly laid out for the equation, but the specific input to those variables would be easily understood by one of ordinary skill in the art. This is contrasted with the arbitrary nature of the disclosure of the instant application regarding developing "equations of state" and the variables that would be used. For example, the specification details that the impact on marketing projections due to failures in the field would "far outweigh that of De and Dr (perhaps by a factor of 5)". This suggests to one of ordinary skill in the art that the assignment of variables into the equations of state and their coefficients are arbitrary, rather than based on a repeatable approach. Because of this, the disclosure is not enabled.

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6. **Claims 16-19** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 16-19 cite a "badge of organizational efficiency" in referring back to **Claim 14**. There is insufficient antecedent basis for this term in the claim because **Claim 14** contains no reference to a "badge of organizational efficiency".

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 USC. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. **Claims 1, 2, 6-14 and 20-23** are rejected under 35 USC. 103(a) as being unpatentable over **Donath, Bob**; "ISBM Nuggets: New Product Development Consortium –Portfolio Management", March 19, 2001, ISBM New Product Development Consortium, Philadelphia, Pa, pp.1-54., (hereinafter **Donath**)

The above reference is a portfolio management/product development consortium report that details various organizational approaches for a company to manage new product development and what organizational constructs, both from a organizational hierarchy point of view and an analytic point of view, were used. Although the

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approaches are detailed for different companies, all companies represented presented approaches within these frameworks.

While it is not clear and readily apparent that all the various approaches and functionalities were used by a single company (i.e. as a single embodiment), this references shows that these approaches were in use and practice (as well as publicly disclosed) at the time of the invention. A person of ordinary skill in the art could have combined the various approaches to achieve a predictable result because all the approaches deal with managing and organizing the strategic approach of a company to new product development. Therefore the Examiner submits that it would have been obvious to one of ordinary skill in the art of strategy to offer any permutation of these approaches for a person of ordinary skill in the art to meet the business strategy needs, thereby meeting customer needs and improving customer satisfaction. Therefore it would have been obvious to combine the following limitations separately as taught by the various approaches of Donath as laid out below.

Regarding **Claim 1**, Donath teaches:

A method to organize and evaluate strategic level operations of a business utilizing quantitative and qualitative analysis, said method comprising the steps of:

single out and identify the principal strategic approaches the company takes towards it business;

page 6, "Foamex Vision 2005" identifies the principal strategic approaches taken towards the business.

perform a comparative analysis between said strategic approaches and the market limitations indicative of the company's type of business;

page 7 Exhibit 1 shows an analysis between what has been identified as the strategic thrust and what is expected for product growth, i.e. market limitations indicative of Foamex's type of business.

Also see "initial situation facing the turnaround" on page 8– this shows a comparative analysis between the weaknesses identified in the corporation contrasted with a strategic approach to improve new product development

utilize the data obtained from said comparative analysis to improve alignment of said marketing approaches with said marketing limitations indicative of the company's type of business;

Page 8, the data (i.e. information) that identified the weakness of the company in NPD was used to provide first steps, i.e. an innovation session and a market analysis – this is designed to improve the marketing approaches with the current marketing limitations of being weak in NPD

single out and identify the principal business pitfalls indicative of the company's type of business;

page 8 under "market analysis of current business" – the pitfall is identified of not being able to quantify market exposure.

single out and identify business pitfalls indicative of the influence of the company's founding technology;

page 8 "No platforms for Growth" is a business pitfall indicative of the influence of the current established technology (i.e. the company's founding technology).

develop business equations of state to quantify said pitfalls;

page 9, "infrastructure development" – scoring, these scoring algorithms, showed on page 10 Exhibit 2, quantified the current weaknesses of the company with respect to technology, manufacturing and commercial.- see also the equation on page 43, this equation quantifies the risk of a project failing (i.e. a pitfall indicative of the company's type of business in developing products).

utilize the data obtained from the application of equations of state to affirm accountability within the company;

page 9, the modified Hoechst method for the scoring (i.e. the business equations of state) is designed to fit Technical Products Group SBU needs, i.e. to affirm accountability within this SBU.

utilize the data obtained from the application of equations of state to improve the focus of the company's marketing strategy and methods;

page 9, the equations of state provides three sections – "Commercial" is to improve the focus of the marketing strategy and methods.

utilize the data obtained from the application of equations of state to organize operational procedures and improve efficiency;

page 9, the equations of state provides three sections – "Manufacturing" is to organize operational procedures and improve efficiency.

utilize the data obtained from the application of equations of state to clarify and if need be modify strategic direction of the company;

page 9, the equations of state provides three sections – “Technology” is to clarify and if need be modify the strategic direction of the company with respect to the technology strategy.

evaluate and verify solutions obtained from the implementation of the method,

Page 11 under “Infrastructure development – net present value” is an evaluation of NPV that is verified through application of Monte Carlo analysis to determine sensitivity.

perform a comparative analysis for operational performance of the company before and after implementation of the method;

Page 39 para 3, the comparative analysis shows a before and after improvement in customer costs in Product Management (i.e. an operational performance improvement in product management). – see also para 4 “exemplary P/SM deliverables” for other comparative analysis of before/after method implementation.

perform a comparative analysis for financial performance of the company before and after implementation of the method.

Page 39 para 3, the comparative analysis shows a before and after improvement in cost reduction (i.e. an operational performance improvement in product management).

Regarding **Claim 2**, Donath teaches:

The step of assembling performance improvement data, relating it to the implementation of the method, and documenting said relationship.

Page 37 middle paragraph and Exhibit 24, performance improvement data is assembled to implement "value stacks" which are related to implementation of the method for portfolio management – the improvement of "value stacks" for customers (the bar charts in Exhibit 24 are labeled "old" and "new")

Regarding **Claim 6**, Donath teaches:

the step of utilizing the implementation of said method to quantify the company's operational procedure.

Page 42, the implementation of portfolio management quantifies the company's operational procedure for managing projects.

Regarding **Claim 7**, Donath teaches:

Use said quantifying of the company's operational procedure as defined in claim 6 to form an association comprised of other companies that have also implemented said method.

Page 1, the ISBM New Product Development Consortium is an association of companies that have implemented a process for portfolio management.

Regarding **Claim 8**, Donath teaches:

Use said association as defined in claim 7 to expand partner base.

Page 35 para 1, working with customers to jointly develop products expands the partner base by making customers part of the product development rather than only the receiver of the product.

Regarding **Claim 9**, Donath teaches:

Use said association as defined in claim 7 to expand customer base.

Page 35 para 3, improving relationships with customers and increasing market share (i.e. expanding the customer base – see also page 6 para 3).

Regarding **Claim 10**, Donath teaches:

the step of utilizing the process of implementing the method to become proficient at executing said method.

Page 34 para 1, the iterative nature of the portfolio management process suggests becoming proficient at the process over time.

Regarding **Claim 11**, Donath teaches:

Use said method implementation proficiency as described in claim 10 to teach said method to business partners.

Page 1, “Member practice insight” – the presentations suggest teaching the proficiency of the method learned by each presenting member to the members of the consortium (i.e. the business partners).

Claim 12 recites similar limitations to those addressed by the rejection of **Claim 11**, and is therefore rejected under the same rationale.

Regarding **Claim 13**, Donath teaches:

Use said teaching methods as defined in claim 12 to form an association of companies that teach said method.

Page 1, the ISBM consortium is an association of companies that teach the method for portfolio management.

Regarding **Claim 14**, Donath teaches:

the step of utilizing the method to quantitatively modify the company's organizational structure that defines its operational methods.

Page 25 Exhibit 11, the implementation of the portfolio management methods quantitatively modifies the company's organizational structure (see the PACE illustration on 27). These modifications fit into the overall portfolio management approach and define the operational methods of new product development and management.

Regarding **Claim 20**, Donath teaches:

Use said modifications of the organizational structure as define in claim 14 to tactically align said structure with that of the organizational structure of companies that are potential partners.

Page 35 para 2, thinking of customers in a value chain implies thinking of customers as a potential partner in the value chain. – see para 1 – working with customers to develop products means the customers are a partner in product development.

Regarding **Claim 21**, Donath teaches:

Use said organizational structure alignment as defined in claim 20 to engage Japanese partnerships.

As per claim 20 above, Donath teaches working with customers as partners. Donath does not teach “Japanese” partnerships per se, however it is old and well known in the art of business management to engage in partnerships with Japanese companies.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Donath to include partnering with Japanese companies because it would provide a predictable result in working with an outside company as a partner to improve business management of the product development process.

Regarding **Claim 22**, Donath teaches:

Use said modifications of the organizational structure as define in claim 14 to tactically align said structure with that of the organizational structure of companies that are potential customers.

Page 25 paragraph 1, the use of PACE brings in ideas into a new product development process – since these ideas are coming from customers – this is a tactical alignment of the new product development structure (i.e. the Core Team on page 27) with that of customers. See also page 35 para 3 – customers in a value chain means the company aligning itself with its customers. Since this approach is discussed in the context of increasing market share, this implies a way to engage potential customers as well.

Regarding **Claim 23**, Donath teaches:

Use said organizational structure alignment as defined in claim 22 to engage Japanese customers.

Page 25 para 1, since PACE teaches providing new products, i.e. this includes engaging customers, since PACE requires an organizational alignment (i.e. core teams) to provide new product development. While Donath does not teach Japanese customers per se, it would be obvious to use the teachings of Donath to engage Japanese customers, because it is old and well known in the art that Japanese companies exist as customers. It would have been obvious to one of ordinary skill in the art at the time of the invention to further rmodify the teachings of Donath to include engaging Japanese customers because it would provide a predictable result through engaging customers in the value chain as taught by Donath.

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9. **Claims 3-5 and 15-19** are rejected under 35 USC. 103(a) as being unpatentable over **Donath** in view of **Heras**, et al.; "ISO 9000 Certification and the bottom line: a comparative study of the profitability of Basque region companies", 2002, Managerial Accounting Journal, 17/1/1, pp.72-78 (hereinafter **Heras**).

Regarding **Claim 3**, Donath teaches performance improvement data as discussed above, but does not teach:

Use said performance improvement data as defined in claim 2 as a badge of success to improve the company's market position.

Heras teaches an ISO certification that can be used as a marketing tool (i.e. to improve the company's market position) – see page 73 Table 1, "Badge of Quality" opens more sales opportunities. Heras teaches thus that company's who improve their operations to achieve an ISO certification use this certification as a credential in selling their company's goods and services to other companies. On Page 73 column 1 para 3, Heras teaches that companies will infer that another company's quality and performance is superior because they have achieved a quality certification (i.e. a badge) such as ISO.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Donath, regarding improving performance in a company, to include the teachings of Heras, where the state of improvement as

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determined by an industry certification is used to improve a company's image and marketing position, because it would provide a predictable result by improving a company's image and reputation in the marketplace.

Claims 4, 15, 16, 18 recites limitations similar to those addressed in the rejection of **Claim 3** above, and is therefore rejected under the same rationale.

Regarding **Claims 5, 17 and 19**, Donath and Heras teach using a badge of organizational improvement to increase sales, as discussed above in Claim 3. While they do not teach using the badge of quality to engage and expand partnerships (i.e. including Japanese ones), it would have been obvious to do so by one of ordinary skill in the art at the time of the invention because the ISO certification is an international certification, i.e. achievement of this certification is recognized by international (i.e. including Japanese companies) companies as an indicator of a superior company in terms of quality and service.

Conclusion

10. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US 20040068429 by MacDonald discloses a method for strategic plan development.

US 20040199445 by Eder discloses a business activity management system.

US 20030046126 by Flores discloses a method for providing a multilayered strategy description.

Mahoney, Joseph T; Pandian, J. Rajendran: "The Resource-Based View Within the Conversation of Strategic Management", June 1992, Strategic Management Journal, v13n5, pp.363-380, Dialog 00727030 93-76251.

Elsawy, Omar A; Malhotra, Arvind; Gosain, Sanjay; "IT-intensive value innovation in the electronic economy: Insights from Marshall Industries", Sept 1999, MIS Quarterly, 23, 3, 305, Dialog 11787125 58530838.

Tan, Cher-Ming; Teck-Kim, Neo; "QFD Implementation in a Discrete Semiconductor Industry", 2002, IEEE, Proceedings Annual Reliability and Maintainability Symposium, pp.484-489

Hopkinson, Gillian; Lum, Choong Yu; "Valuing customer relationships: Using the capital asset pricing model (CAPM) to incorporate relationship risk" Mar 2002, Journal

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of Targeting, Measurement & Analysis for Marketing v10n3 pp: 220-232, Dialog

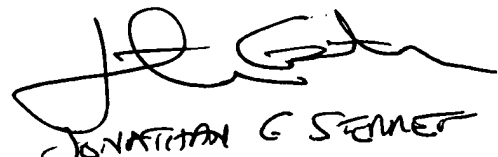
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11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jonathan G. Sterrett whose telephone number is 571-272-6881. The examiner can normally be reached on 8-6.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on 571-272-6729. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

18. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

JGS 1-25-2007


JONATHAN G STERRETT
AU 3623
EXAMINER